



THE ART OF PERSONALIZATION: KEY CONSIDERATIONS FOR BUSINESS SUCCESS

The secret ingredient that businesses need to add to their recipe for success

Sarah saw a personalized pop-up ad for a new product on an online store. It showed her favorite color and read, "Hey Sarah, we have something you might like!" She clicked on the ad and found the product in her preferred style and color. She bought the advertised product and some related items because she felt the website understood her preferences. Sarah felt valued and special due to this personalized experience.

Gone are the days when personalization was considered a nice-to-have for a digital business. Today, it is imperative for both digital and traditional brick-and-mortar stores - because it's the magic touch that turns a bland, one-size-fits-all experience into a tailor-made one. Having enjoyed personalized experiences as an individual thanks to OTT and eCommerce platforms, consumers now expect it from all types of companies, small or large and across industries. Companies like Netflix, Twitter and Amazon have elevated the personalization benchmarks with their recommendation engine. A McKinsey report states that 71% of consumers expect personalized interactions, and worse, 76% get upset when it is absent¹.

Personalization has bigger implications. [The Infosys Digital Commerce Radar 2023](#) report discovered that top performers had implemented personalized customer service, offers and co-browsing to help them experience products. Providing the right experience to the right customer at the right time enhances business growth prospects. Data analytics and artificial intelligence advancements allow for gauging customer sentiments and preferences, enabling the carving of focused hyper personalization strategies.

Despite a solid incentive to personalize, the report reveals that a small 18% have implemented personalized offers and pricing,

and 39% have personalized customer service. That's because most companies have yet to launch personalization initiatives covering the organization from strategy to operations. In addition, personalization is not a one-time exercise - there is no magic wand to wave around and ensure maximum benefits from personalization. Instead, companies must remember that it is an evolving journey.

Before starting this journey, businesses must focus on enhancing the customer lifetime value while continuing to work on the overall customer experience. Customers of small businesses enjoy a highly personalized experience as everyone from the top downwards knows them, the environment is familiar, and transactions are easily settled. Compare this with a new setup where information is still in the gathering phase, making transacting a hassle. Unfortunately, this is the state that most online businesses find themselves in. So, customers do not have the opportunity to evaluate similar products or explore accessories as it is a struggle to locate the product they want to purchase in the first place. In essence, overall experience matters for the customer. Furthermore, the prevalence of social media has given rise to a discussion platform and a host of influencers, both of which play a significant role in shaping the opinions of customers. So, attracting and retaining customers become much more challenging.

At Infosys, we have narrowed down the key considerations for businesses seeking to personalize experiences that exponentially amplify the chances of success. The McKinsey report quoted earlier also states that those companies excelling in personalization have seen revenues grow by 40% compared to those making average efforts. So, it's time to personalize now.



Key considerations for boosting the personalization journey

Our recommendations derived from our experience can be classified as strategic and operational.

The strategy related considerations are as follows:

Adopt a long-term and holistic view - Personalization is a long-term play with interim milestones to achieve in the short term. Unfortunately, many organizations either do too much (unfocussed) or too little (short-sighted) on their personalization strategy and fail to realize the true potential of personalization. Instead, a trickle-down strategy must be the emphasis where the overall long-term strategic plan percolates into all levels of the organization beginning from the departments into operational teams across the organization.

Take the case of building customer communities as a goal. This goal has different implications for different teams. Marketing teams, for example, will need to deliberate on the target audience, personas and messages to convey, whereas product teams need to determine the products to promote with these personas. In addition, there will be an impact across operations and fulfillment which must ensure the right products are available at the right time and place to address the personalization needs. That's why a long-term and holistic approach that ensures alignment organization-wide is necessary to ensure sustained success.

Blur the boundaries between online and physical stores - The brick-and-mortar and online establishments cannot be separate entities if optimal personalized experiences are the goal. For example, buying online and picking up at the store today is possible, cleverly blending the two entities into a seamless omnichannel experience. In addition, some companies aim at higher levels of personalization where when a customer enters a store, her presence is detected on an app, which can soon churn out personalized offers. And this approach is important - almost 90% of customers equate the experience a business provides with its products and services². So, checking the organizational structure and ensuring it is geared for smooth omnichannel transactions is essential.

Know your data - The criticality of analyzing data and gainfully using the generated insights to enhance the personalized experience is recognized across industries. But the amount of data collected from various channels such as point of sales and social media is enormous. An average person generates 1.7 MB of data every second, adding up to 3.5 quintillion bytes of output daily³. Clearly, these huge volumes of data require a specialized set of skills and technologies to make the most of it.

Ensure technology adoption - Most companies have a technology plan that guides their purchases. But buying a technology solution is only the start. The more significant issue is ensuring stakeholders across the organization adopt it, as it cannot capitalize on the new technologies cropping up frequently without adoption. For

example, Headless architecture enables the creation of a variety of interfaces, including specific interfaces for different customers, whereas pre-defined templates limited businesses earlier. Unless there is a concerted effort to use the new technology, companies will miss out on the chance to take technology's help to launch new features and improve personalization.

Don't take the foot off innovation - Personalization is a journey catalyzed by innovation in traditional business models powered by emerging technological capabilities and trends. Therefore, companies must understand and monitor the ever-changing technology landscape and its possible implication on people, processes and systems. It's vital because these ultimately impact the customer experience. For example, understanding how disruptive technologies like AI could impact customer interaction can pave the way for new ways of thinking.

The execution related considerations are as follows:

Hyper personalize - Typical personalization approaches are based on location and channel and usually cater to a segment of users rather than an individual. Yet, companies mistakenly think they are hyper personalizing with these tactics. Technology such as analytics, specifically edge analytics to accommodate privacy, can be a big help in this area by understanding user behavior in-depth and supplying relevant recommendations for an individual user. There are many more applications with this approach. For example, interactions with agents can greatly improve thanks to better sentiment analysis, ensuring a more fulfilling personalized experience. In addition, a study of shopping patterns can help generate instant discounts and promotions that appeal to the customer. Overall, if the company reaches out to customers with offers aligned with their requirements, their experience and loyalty are enhanced.

Rely on a dynamic feedback loop - As stated earlier, personalization is by no means a one time exercise. The data and usage metrics must be continuously monitored to direct adjustments that improve the personalization experience for the customer. Such efforts pay off. Over 55% of shoppers return to websites that recommend products based on usage patterns⁴. That's why continuously updating personalization strategies based on user feedback is crucial.

Use a phased approach - We recommend adopting a target arbitrator audience strategy when adding a new personalization feature. Instead of releasing the feature to the entire user base, piloting it on a select set of users makes more sense. Then, based on the feedback, the reach can extend to a larger audience. This is a good way to retain existing and new customers.

Final Thoughts - Personalize above all else

With solid evidence that personalization positively impacts an organization's business prospects, it has moved from a nice-to-have to a must-have status. In today's competitive market, customers expect to be treated like individuals, not just another statistic. As a result, businesses that ensure their digital experiences are customer-centric and designed to deliver personalized experiences are the ones that stand out from the crowd, win customer loyalty, and ultimately thrive. It's the difference between being a generic, forgettable brand offering regular products or services and being a beloved, trusted brand that customers can't help patronizing.

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³How Much Data is Created Every Day in 2023? (Full Stats) » WP Dev Shed

⁴50 Stats Showing The Power Of Personalization (forbes.com)

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